

Interview with William Parks

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

WILLIAM PARKS

Interviewed by: Melbourne Spector

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Q: I have the honor of interviewing Mr. William Parks. William Parks is not only a dear friend of mine, but he is a man who was with the Marshall Plan and had a great deal to do with this organization and its administration even before the beginning. Mr. Parks is now retired and serves sometimes as a consultant to various organizations.

Bill, why don't you begin and tell us about how you came to the Marshall Plan.

PARKS: Mel, thank you. What I'm about to say as I research the mists of my memory going back some 40 years, may at times sound much like stream-of-consciousness meandering, because this is unscripted, as I guess it should be.

Let me begin at the beginning. I was recruited in January of 1948 to assist in the then-Greek-Turk aid program, one of the Truman historical decisions, partly to participate in that endeavor, but also partly to help, as needed, in some preliminary planning for the ultimate creation of what became known as the Marshall program, or to give its formal legislative title, the Economic Cooperation Act of 1948.

Most of the staff work, as I recall, leading to the development of the Economic Cooperation Administration had been done by the Department of State, which seemed to have

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assumed that, if Congress approved this pioneering endeavor, administration of the program would be entrusted would fall to the Department of State. As events subsequently transpired, that turned out not to be the case.

At that time, the Greek-Turk aid program was housed in the Department of State, headed, as I remember, by the late C. Tyler Wood, assisted by his senior aide, Edward E. Kunze, both of whom reported to Wilt Clayton. I believe Clayton then was the Under Secretary for Economic Affairs of the Department of State.

The major role of this office was to plan and approve the provision of essential supplies needed by Greece and Turkey, which at that time was seriously threatened by the Soviet Union. This program clearly was an emergency stopgap measure intended to keep Greece and Turkey afloat in the wake of the war, and designed, obviously, to keep both countries from falling within the orbit of the Soviet Union.

I'm trying to recall basically how the procurements were carried out. The basic commodities, as I remember, were essential civilian requirements such as agricultural commodities (wheat, for instance), coal, and, I believe, petroleum products. Actual procurement was undertaken by other arms of the United States Government, particularly the Department of Agriculture, Army, and, I believe, by the General Services Administration predecessor. In any event, the procurement was, in effect, done on a bilateral country-to-country basis with the U.S. Government assuming the role of purchasing agent on behalf of the two countries involved, Greece and Turkey.

Q: What would be procured was decided by the two countries? Or did you just give Greece and Turkey a blank check?

PARKS: No, no. As I remember, the determination of the requirements was, to a large extent, based upon the data provided by our embassies abroad. I believe there was an economic unit attached to each embassy charged with the responsibility of the economic

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planning, but please don't hold me to that because I wasn't that close to the overseas arrangements then prevailing.

Q: Did this include anything beyond civilian? Military?

PARKS: No, these were basically essential civilian requirements.

In those days, we were using a simple internal U.S. Government requisitioning device to authorize procurement and shipping. I mention that because it assumed some significance shortly thereafter when the Marshall Plan began operating.

A curious little footnote here. With the enactment of the E.C. Act in April of 1948, to the surprise of many people (including, I suspect, the planners in the Department of State), the Congress, in approving this \$20 billion, four-year program, which was the conceptual framework of the Marshall Plan, decided that under no circumstances would it entrust this highly operational program to the Department of State. It insisted upon the creation of an independent agency, to be called the Economic Cooperation Administration (ECA), to assume this awesome responsibility. Beyond that, the President determined that the program should be headed by an outstanding, prestigious U.S. citizen with a proven track record in business and management. He selected the late Paul Hoffman for this purpose. Again, as I remember, Paul Hoffman was a Republican, underscoring Truman's objectivity in reaching out to tap a member of the opposition political party to head this pioneering enterprise.

I also recall—and again this may be a small diversion—the then-awesome dimensions of this program. Twenty-billion dollars in those days was a considerable sum of money.

Q: You could almost call it 200 billion today.

PARKS: Yes. As were the other dimensions of the program. In effect, the ECA was being asked to play a major role in restoring the shattered economies of Europe in the

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devastating wake of World War II, to the point of self-sufficiency within an incredibly short time frame of four years.

I vividly remember the degree of skepticism that prevailed on the part of many economic and political theorists, that this was a monumental task and highly unlikely to be successful. There were even some opponents of the program, who saw no need to provide aid to Europe, or, in fact, even saw a potential economic threat to the United States in rehabilitating the economy of the major European countries.

Q: They'd see it as a competitor, I guess, in the long run?

PARKS: That was one theory expressed, I recall. In any event, despite this widespread skepticism, and as history now records, the program was not only successful beyond the wildest imaginations of its proponents, but it did, in fact, achieve its basic goals in less than the four-year time frame envisaged by the planners. However, that aspect of the total endeavor is not quite what we're here to talk about.

We are here to talk about how the Marshall Plan went about its business, what features of the program were unique experimentally, and how the overall conceptual approaches of the administrators of the program succeeded in achieving the goals that had been set out.

As I remember, in April of 1948, Hoffman and a few carefully chosen advisors set up shop initially in the Statler Hilton Hotel, in temporary quarters, in Washington, D.C.

Q: 16th and K Street, Northwest.

PARKS: The Maiatico building, then still under internal construction adjoining Lafayette Square (literally a stone's throw from the White House), had been rented to house the newly created ECA. The new ECA officials, including Hoffman himself, had decided for whatever reasons that they did not want personnel from the Department of State itself

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made available to the new agency. We, having heard this, were disappointed, but the scene rapidly changed.

Administrator Paul Hoffman made it known that he wanted to begin operations at full speed, and issued orders that he wanted to make available the first grants of U.S. assistance within a matter of days after the passage of the bill.

Q: Days!

PARKS: It must have occurred to somebody in the group surrounding Hoffman that this laudable objective looked like an insurmountable administrative problem. They weren't quite sure how to go about this, which was understandable, given the circumstances at the time. So a frantic call was made to the little Greek-Turkey aid office with which I was then associated in the Department of State, asking us if we could prepare on a crash basis, the first documents which would, in effect, authorize the initial shipments of commodities to some ten or 12 European countries participating in the program. We assured them that we thought we could handle this small problem, and we did. We worked frantically almost overnight, adapting the procurement documents we had been using to authorize shipments to Greece and Turkey, making appropriate changes in the terminology and the text of these instruments.

I should back up and say that these documents, these procurement authorizations, were designed as a bilateral instrument, with the country's signature, thereon indicating that it was a formal request to the U.S. for the required goods and commodities, and which, when approved by the U.S., in effect, constituted a contract.

Q: Who would sign the document, someone here in Washington from the embassy?

PARKS: Yes, the country's embassy, usually and its own economic staffs who were concerned with the Marshall Plan.

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Q: But this was very early '48, right after the Act had been passed.

PARKS: And to meet Hoffman's insistence that the agency get in high gear immediately, even though functioning initially with a skeleton staff and people borrowed from all sources and quarters, Hoffman was able to have a formal U.S./country signing ceremony sometime in April, about mid-April would be my guess without searching the record.

He held a press conference with ambassadorial representatives from the participating countries, at which these procurement documents were officially signed and which authorized shipments of wheat, petroleum, coal, etc. My recollection is a little hazy at this stage. But in any event, this impressive ceremony was far more than symbolic. It, in effect, launched the operational aspects of the new ECA agency.

Q: Ships were actually moving, loaded with commodities for the European nations.

PARKS: Yes. Basically, these were bulk shipments readily procurable, both in terms of kind and quality, so ships were moving fairly soon after the documents were officially signed. This was a fairly impressive indication of the determination of the new agency to become quickly and effectively operational.

As I recall, despite the apparent policy decision of the new agency to refrain from hiring or otherwise engaging people in the Department of State to participate in the new operational program . . .

Q: May I interrupt there, Bill? Why do you think there was that feeling of not using people from the Department of State?

PARKS: I'm not quite sure, except that seemed to be the policy. One theory was that the new agency wanted to minimize the taint of overt political implications in the program.

Q: Sounds reasonable.

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PARKS: Another theory was that the view of many members of the Congress was that the Department of State was ill equipped to undertake a massive, highly operational, business-like program much as the Marshall Plan. Whatever the reasons, very few people ultimately were transferred from State itself to the new organization. However, perhaps because of our response to the new agency in producing the authorizing documents mentioned earlier so quickly, some of us were asked to consider joining the new ECA. Ed Kunze, my then immediate boss, and I were so asked, and we agreed.

We then joined the somewhat chaotic situation then prevailing in the Maiatico building.

Q: You didn't have any regular offices over there?

PARKS: Not adequately. We were assigned offices which turned out to be nothing but a corner of a vast floor still being partitioned. (Laughs) Workmen busy drilling holes for partitions, hanging telephone wires around us and so on.

Q: Setting off charges to drive the bolts in the partitions?

PARKS: Yes, there were some extraneous distractions of that nature, as I recall. In any event, we became the nucleus of the procurement operations staff of the new organization.

This evolved fairly quickly into a highly centralized group still under Ed Kunze, charged with the responsibility of developing and refining the procurement procedures of the new agency. It was for this endeavor that some external consultants were brought in, several of whom joined ECA. What evolved became the ECA Program Methods Control Staff, fairly self-contained, charged with the responsibility of developing and institutionalizing the agency's allotment, authorization, and procurement procedures.

This role became significant throughout the history of ECA and its successor organizations. One of many unique and, I believe, unusual features in the ECA Act

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required new agency to conduct its business to the maximum extent possible through normal channels of trade. It was necessary at the outset of the program to rely heavily upon U.S. governmental procurement, particularly for bulk commodities, in order to maintain the desired momentum in meeting the requirements of the European countries. The policy thrust, however, was to do all possible, even then, to utilize, insofar as possible, normal commercial and banking channels.

Directly relevant to this policy was the early decision of the agency to enlist the United States banking community in the development of a somewhat historic and unique document known as ECA Regulation 1. This fundamental document, which is still operative, sets forth the basic regulations which would qualify participating exporters, commercial firms, and U.S. banks for reimbursement for goods or services provided in the administration of the program.

As is obvious, the initial thrust of the ECA program was primarily a balance-of-payments form of assistance. Since we were dealing in those days with sophisticated European countries, with vast and historic capabilities in commercial trade, export-import trade, there was little need to indoctrinate them in export-import transactions, financing, letter of credit, and other instruments and practices common to export-import trade.

At the request of ECA, the U.S. banking community had set up a special advisory body (the ECA Banking Subcommittee) to advise and assist the new agency, and this body played a major role in the development of the basic ECA Regulation 1. Their assistance was, to put it mildly, invaluable.

Reverting to what I said a little earlier about the ability of the European countries to develop their own programs, I'm trying to recall the name of the European country programming mechanism which, in effect, developed and coordinated their own proposals for levels of aid.

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Q: You were talking about the European coordinating body that set the levels of aid that each country could ask for.

PARKS: And coordinated those levels of aid in terms of requests to the U.S. That's a little out of my field.

Q: It really was the forerunner of the present-day whole European Common Market and so on.

PARKS: Yes, which grew out of these coordinating efforts. In any event, this was a recognition by the United States that the countries that were participating did, in fact, have a vital role to play in assessing, planning, and determining their own levels of aid.

The fund allotment process in the Washington office of ECA was basically subdivided into three major categories—industry, agriculture, and transportation. These three broad catch-all categories subsumed and encompassed the detailed requirements within each particular European country program.

Q: Where, for example, would oil and coal be within those three categories?

PARKS: Oil and coal would have fallen then within the rubric of the ECA Industry Division. Foodstuffs of all kinds, bulk or otherwise, fell into the purview of the then Agriculture Division. Transportation requirements were the responsibility of the Transportation Division under Colonel Syran, as I remember.

The Agriculture Division was headed by Dr. Dennis Fitzgerald, an agricultural economist of wide and well-earned reputation. The industry division in those days was headed by Robert Koenig, assisted by Glen Craig, who subsequently headed the industry organization.

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As one looks at the early telephone ECA directories in 1948, and recalls the names and faces of the senior officials involved, clearly the Economic Cooperation Administration was in the hands of extremely competent, prestigious men of reputation and competence, a fact which obviously contributed significantly to the success of the program.

Getting back to the major operational processes of ECA, the initial procedural planning of the Program Methods Control Staff ultimately led to a streamlined system of determining allotments of program funds, level and composition of individual procurement authorizations, and basic reports and analyses that were necessary to maintain a defensible degree of accountability for the disbursement of the large sums of money involved.

Q: As I recall, there was very little, if any, scandal associated with those huge amounts of allotments and procurements.

PARKS: When one looks at the speed of the operation and the massive amounts of commodities made available through divergent channels of procurement (some governmental, some commercial), it is astonishing that ECA's record of prudent financial management remained virtually untarnished.

One unique feature of the program in that regard was the fact that unlike other U.S. governmental procurement, ECA relied completely upon post-audit of these transactions. This post-audit feature was simplicity itself. If upon post-audit ECA discovered that it had financed a transaction inconsistent with, or in violation of, its basic procurement regulations (as set forth in Regulation 1), a refund would be demanded in dollars from the participating country involved. The funds used to pay for such ineligible transactions would be repaid to ECA. This technically enabled the agency to disassociate itself from the transaction involved. It's my view that this arrangement, which not only hastened the flow of authorization and procurement so vital then to the overall objectives of the agency, was

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largely instrumental in minimizing the risks of collusion and scandals in the procurement process itself.

Q: Really? Why would that be?

PARKS: Because of the feature of identifying infractions or violations of its rules and then demanding prompt refund in dollars from the country concerned, whether or not such infractions were the fault of the country itself.

Q: That's interesting. Whether or not it was the fault of the country. That's interesting.

PARKS: It enabled the agency to, in effect, purify itself and delete that improper transaction from its records.

Q: Do you have any idea how many or how much quantify in any way the amount?

PARKS: My recollection is that, despite the huge amounts authorized and expended in the early days of the program—for example, I recall \$1 billion a year in grant assistance made available to France and England—the amounts of refunds demanded approximated something on the order of \$10 million or less per year.

Q: Fantastic!

PARKS: This record speaks for itself, I think, in terms of the agency's sensible and business-like approach to the procurement process as a whole.

Q: But it does speak to the fact, I think, as an outside observer, that you must have had pretty good regulations and a procedure so that the post-audit was so seldom needed that you could operate that quickly and yet get it done.

PARKS: I'm glad you brought that up, because I would have forgotten to mention this. As I think I said earlier, the banking community of the United States had created its own

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little advisory committee to assist ECA. I believe it was called the ECA Banking Advisory Committee of the Foreign Exchange Council headquarters in New York City. It fell my lot to become the ECA liaison with this group. One vice president of City Bank of New York, I recall, told me one day at a meeting that the then-ECA was the most unbureaucratic federal agency with which the banks were then dealing. That so impressed me that I've continued to recall it.

Q: I think that's very good.

PARKS: Let me, if I may, expand a little bit upon this basic procurement document, ECA Regulation 1. Both the U.S. banking and the U.S. export-import communities played major roles in helping the agency develop this basic bible of procurement instructions. To this day, it remains a model of unbureaucratic and relatively simple instructions in the complicated field of export-import procurement and financing.

If I can explain this in relatively simple language. The ECA Regulation 1 provided that, if an importer had been instructed by his European country that the transaction proposed was to be financed by ECA, he, the importer, was given instructions as to the documentation that would be required to qualify for ECA financing. Such documents included supplier invoices, bills of lading, and the so-called "supplier's certificate."

Q: You were talking about the simplicity of the ECA Regulation 1.

PARKS: Yes, and still it exists.

Q: Still exists!

PARKS: Not called the ECA today, of course.

Q: Forty years later.

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PARKS: Forty years later. Changing that tape has left me a little unclear as to precisely where I was.

Q: It's perfectly okay to repeat yourself, Mr. Parks.

PARKS: In signing this supplier certificate, in effect, the supplier acknowledged that he recognized that the transaction was a U.S. Government-financed transaction, and he deposed that the price he was charging was no higher than he would charge similar customers for similar commodities. He certified that he was not price gauging, that he was responsible to the United States Government for the accuracy of the statements.

Given the economic straits of the European countries at that time, a mechanism was needed to assure that U.S. banks issuing letters of credit related to ECA transactions would be reimbursed. The agency, with the assistance of the banking fraternity, devised an instrument known as a "letter of commitment." This was issued by ECA, assuring the U.S. bank involved that, if it financed an ECA-designated transaction, and obtained the required documents prescribed in ECA Regulation 1, ECA would promptly reimburse the bank for its outlay. This arrangement not only facilitated transactions through commercial channels, it expanded the role and influence of U.S. banks internationally.

Q: What office in ECA would issue letters of commitment? Was it your office?

PARKS: Yes, the ECA Program Methods Control Staff, which ultimately was assigned to the Office of the Comptroller under the late John E. Murphy. This staff issued the procurement authorizations, validating their accuracy and conformity to internal procedures, to the countries concerned, as well as the related letters of commitment to U.S. banks. In fact—and I say this with still some misgivings—ultimately I became the U.S. official signing these procurement authorizations (sometimes for many, many millions of dollars), as well as signing the related letters of commitment enabling U.S. banks to issue

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irrevocable letters of credit upon the assurance that the U.S. Government would repay them for their outlays.

I'm chuckling a little bit because I remember worrying that if any of these transactions had, due to inadvertence or some other unforeseen reason, been declared invalid, and to what extent could the U.S. Government hold me directly and personally liable. (Laughs) I recall mentioning my concern one day to John Murphy, the agency's incredibly effective comptroller, mentioning my concern one day, and I remember him saying something to this effect: "If you do make a mistake, make sure it's not for \$500 or \$600, because then they'll get you." (Laughs)

In any event, I don't know on how many billions of dollars of procurement authorizations and letters of commitment my signature appears, but somewhere in the archives of this great government, copies of these instruments are preserved.

Q: So this was a unique system that ECA had developed.

PARKS: Very unique. I again stress that it was developed with the direct participation, advice, and guidance of the U.S. banking fraternity and the Foreign Exchange Council, various trade associations, and, of course, the able assistance of our extremely competent and unbureaucratic legal staff. When one considers the almost unbelievable speed and efficiency with which the agency disbursed these very large sums of money, with a minimum of refund demands, and a minimum of allegations of improper transactions, the record, I believe, speaks for itself.

Q: Fantastic.

PARKS: Clearly, there were some built-in checks and balances. The countries themselves wanted no scandals to risk the provision of U.S. assistance; U.S. suppliers, in signing the supplier certificates, wanted no subsequent claims by the United States Government

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against them holding them liable; and the Agency's overall post-audit facilities all tended to keep the procurement process itself almost completely untainted.

Another method of financing employed by ECA was the so-called "direct reimbursement procedure." To the extent that a country financed with its own limited resources a transaction that would be eligible normally for approval by ECA, the agency would reimburse that country upon its submission of the documentation required (normally invoices, bills of lading, inspection certificates, and other instruments required in commercial practice). However—and don't hold me to the time frame—ultimately the major method of financing in the ECA program was via the U.S. bank letter of commitment device.

Q: Most of this procurement was U.S.

PARKS: Yes, in those days, it was virtually all U.S.

Q: Was it possible for a country to buy from another country and be financed by the US?

PARKS: Here I'm trying to recall. I believe in some instances, provided that the transaction was from a free-world source, it was considered eligible if it met all the other requirements. We did not begin to worry about source or origin of commodities until somewhat later in the program. I can't quite remember when that came about. The question of source and origin became important in those early days only to the extent that the commodities were not from a non-free-world source, as I remember it.

Q: Of course, the normal trade channels and patterns would have been encouraged, but maybe they could use their own funds without using U.S. dollars for that.

PARKS: I do recall some early discussions and some theories advanced by some bright economists that we could have provided the aid much more quickly had we just given a dollar check to the participating countries. This, however, would have raised immediately

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the problem of how to explain and account for utilization of those funds under such an arrangement, and how to justify the program to the Congress and to the American taxpayer. Hence, the ingenious decision that we would account in broad commodity categories (such as wheat and corn on the agriculture side, machinery as one of the industry group, and transportation costs to the extent they were eligible).

Subsequently—and again, I don't recall precisely when—the shipping costs were eligible only to the extent that at least 50% of the commodities financed was carried in U.S.-flag vessels. U.S. source became a matter of concern later on in the program when our concerns about the U.S. balance of payments became a factor. But that was much later in the history of the organization, as I recall.

One point on the procurement process itself. If country “A” requested that we finance the shipment of, let's say, 700,000 tons of wheat, that requirement would be screened initially by the agriculture division for its suitability, for its particular role in the country's economy, for the type of wheat, for the source of wheat—U.S.—and for other technical aspects. If the money required was within the country's agricultural allotment, and if the technical experts in the agriculture staff determined that the commodities requested were consistent with the country's overall recovery plan, and that there were no other obstacles, the documents were forwarded to the office to which I was assigned. If the documents were in order, with all required information provided, we would issue the procurement authorization document (or PA), which would be countersigned by the requesting country. If the procurement at that stage was to be handled by the Department of Agriculture, the procurement authorization would be transmitted to the Department of Agriculture, which would proceed to fulfill the requirement and arrange for shipping.

If commercial channels, say, were to handle the transaction, we would issue the authorization to the cooperation country, which would countersign and return a copy to us in the agency, and we would issue a letter of commitment, if requested, to the U.S. bank designated by the cooperating country.

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Most of the cooperating countries—in fact, all of them, as I remember—quickly developed within their embassies in Washington competent staffs who became fully familiar with Regulation 1 and with ECA policies and requirements. We worked very closely with these officials on almost a daily basis, which ultimately led to a weekly meeting with them, chaired by Ed Kunze, my then boss.

Q: He'd get them all together in one room?

PARKS: Yes. These were extremely effective, useful meetings, because any problems the countries were experiencing with our procedures and policies would be discussed. We tried—and I think successfully—to meet their operational and procedural requirements, some of which led to amendments to Regulation 1, and to treat all countries as even-handedly as possible in all of these relationships.

It was a very interesting arrangement, as I think about it, in that you had on the country's side a group of people who became almost as well versed and knowledgeable about the ECA's procedures and policies as we internally in the agency were. If we on our side had a problem, we would simply get in touch with the appropriate officials in the embassy, who would immediately transmit the problem to headquarters in the country. With telephonic and cable communication, these day-to-day operational or procedural problems were quickly resolved one way or another.

Q: What has intrigued me on some of these interviews I've done is that sometimes the informal relationships among groups of people seem to be as important as the formal relationships.

PARKS: I would say so from my own experience. We became very friendly with these officials. They weren't seeking any special favors; they were as interested as we were in transactions properly authorized and approved, for reasons I mentioned earlier. They wanted no major problems with the agency, obviously, nor did we.

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Q: These people were highly professional, then, that you were dealing with.

PARKS: Highly professional, all. In fact, I can recall that on the British side, some of the members on the staff here in Washington were members of the British Treasury delegation.

Q: Which is tops in Britain.

PARKS: Similarly on the French side. The level of sophistication was highly impressive in these countries, because, as I said earlier, we didn't have to teach them anything about export-import trade or financing. I had to learn a good deal myself.

Q: These were developed countries with developed institutions.

PARKS: Exactly. As developed institutions, they had the knowledge, they had the confidence, they had the experience. We, in effect, were simply bridging the monetary gap.

Q: In these relationships you had with these countries, with these embassies and representatives of the embassies, was there ever any interference or so-called political interference? I mean by political, international political. In other words, did the State Department ever come into play?

PARKS: I should have mentioned earlier that when the ECA was created, it was supposed to function within the broad policy guidance of the Department of State, and it did. My recollection—and here I'm speaking more of hearsay than actual experience—precisely because Paul Hoffman was a highly respected administrator, I believe our arrangements with State were initially, at least, highly effective and satisfactory.

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I'd rather not discuss, because I really don't know and I wasn't involved, whether there were some instances of political direction which, shall we say, may have created some problems. You should talk to people like Dennis Fitzgerald about this.

However, even though I believe that it was critical, in the early days of the program, that the agency had, in effect, virtual autonomy, certainly operational autonomy, I believed then, and I continue to believe now, that the Marshall Plan, as its successors, was a vital instrument of U.S. foreign policy. After all, it was a basic political decision that led to the creation of the program. It was clearly in the U.S. interest to help the European countries recover as quickly as possible. We were concerned then about the in-roads of the Soviets in Europe. I believe—and this may sound awfully dramatic—but I sincerely believe we saved France, Italy, Greece, Turkey, from being swept into the orbit of the Soviet Union. I believe the Marshall Plan played a pivotal role in achieving that objective.

Q: Absolutely.

PARKS: I recall reading something Churchill said—something to this effect—that the Marshall Plan was the most unsordid act in history. And I believe that. The fact that part of our motivation, at least, was self-interest is irrelevant. Countries do what they believe to be in their self-interest, as they should.

Q: So you are now in the Program Methods Control Staff.

PARKS: I should back up a little bit and say that a great deal of the initial planning for the procedures of the agency was done with the able assistance of some external consultants. Walton Groce, God rest him, Dee Kelly, Jack Berryhil, these three I remember particularly because they were assigned to the Kunze staff, where I was then working in 1948. They played a significant role in the development of the allotment and programming procedures of the early ECA.

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It was their conception, for example, that our allotment of funds ought to be basically highly simplified and limited to three major categories of assistance—agriculture, industry, and transportation. Those three very broad categories encompassed all of the commodities in the assistance we did provide, as well as the related transportation costs. So allotments of funds were made on the basis of so much for the United Kingdom in agriculture, in industry, in transportation, and so on down the line.

It was also their conception that our authorizations ought to be similarly issued in broad commodity categories, and they were, as for wheat or petroleum or tractors, without much refinement in detail below that level of authorization. That helped enormously in speeding up the whole process of determining fund levels and categories by countries. So our authorizations were in broad, general categories, as were the related letters of commitment. Precise details and specifications of individual transactions were usually determined by the country itself in its import community as they placed orders within the broad commodity categories authorized.

So a good deal of credit for the conceptual approach to the procedural problems of ECA could be attributed to the role played by the chaps who were then our consultants, and all of whom ultimately became members of the ECA. We liked what they were doing and how they went about it, and they liked the agency. In terms of the morale of the organization in those days, it was high.

Q: Why do you think it was so high?

PARKS: Partly the caliber of the people, partly the leadership of Hoffman and other senior officials, probably partly the glamour and challenge of helping Europe rebuild, and partly the fact that we considered ourselves a pretty unstultified, unbureaucratic, gung-ho kind of organization. You may remember that Hoffman made, I thought, a somewhat serious mistake when he told Congress that he could administer the program, this vast undertaking, within this incredible time frame, with something like 500 people.

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Nonetheless, when you think of the billions involved and the numbers of transactions, as well as the fact that it was a unique, experimental pioneering organization, the size of the staff was (and has remained) remarkably small. Somebody once said, "If this program were turned over to the Department of Commerce to run, you would have had a bureaucracy that would have numbered in the tens of thousands." (Laughs)

Q: Just look at this phone book! This is May 1948, and in actual names of people, it's only got four pages.

PARKS: My recollection now is that I think our Washington staff initially numbered less than 2,000.

Q: At its hey-day.

PARKS: Yes, at its peak. Another unique feature was the—well, let me jump a little bit ahead, because it has to bear on the creation of FOA. ECA, as you know, considered its job done in less than four years. In 1950, we became MSA, Mutual Security Agency. The political emphasis and character of the organization had taken on a cold-war coloration. Mutual Security began to assume increasing importance, on the assumption that the economic objectives had largely been met, or were being met. The emphasis shifted, in effect, from economic to mutual security. Hence, the name and the introduction of the shield as the Agency logo. You remember that?

Q: With the clasped hands on it.

PARKS: I'm getting to that.

Q: That came later?

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PARKS: Oh, yes, that's an interesting little vignette. When the Eisenhower Administration came into power, Governor Harold Stassen was appointed administrator, and the Foreign Operations Administration was created, succeeding the MSA, the Mutual Security Agency.

Q: 1953?

PARKS: 1955, I think.

Before we talk about Stassen and FOA, I should have mentioned that the Program Methods Control Staff, under Ed Kunze, was self-contained and could have been housed in the organization virtually anywhere. It was assigned to Richard Bissell, then the chief program officer and economic advisor of the agency, concerned with the basic production lines of the agency, the allotment, procurement authorization, and letter-of-commitment processes. We remained in that capacity until the creation of the Foreign Operations Administration under Governor Harold Stassen.

Q: *So from 1948 to 1953.*

PARKS: Yes. Stassen then had the unenviable task of sitting astride not only the economic assistance functions of the former ECA and MSA, but the administration of the two other U.S. assistance agencies, the former Institute of Inter-American Affairs concerned with technical assistance to Latin American countries, and the Point Four organization, the Technical Cooperation Administration, concerned with the provision of technical assistance to countries outside of Europe and Latin America.

The situation when Stassen assumed the administrative role of FOA Administrator was, to put it mildly, somewhat chaotic. The new agency, the Foreign Operations Agency, was, in effect, trying to manage and oversee three different organizations, each with its own programming and policy objectives and procedures. The paper processes were

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unbelievably confusing, and even the organizational arrangements were somewhat confusing.

Somewhere along the line, Stassen decided—properly—that we had to weld these three organizations with their differing philosophies and programming and procurement processes together into a unified whole.

Q: And, incidentally, had to get rid of up to 26%, I believe, of the people on board from all those three agencies.

PARKS: Right. You are more qualified to talk about that process than I.

Q: But that was part of the problem that he was faced with.

PARKS: Different types of expertise and competence, including different philosophies of centralization as against decentralization, afflicted the staffs that the FOA had inherited. This led to the governor's decision to unify these entities into a single organization, properly organized and properly unified in a coherent, consistent manner.

I mention this because it fell my lot in 1954, I guess it was, to be assigned, together with Donald G. McDonald, a manager analyst then, as co-chairmen of a small task force instructed to unify the procurement processes of these differing organizations. As I look back on this task now, I shudder. (Laughs) I was too young and innocent then, I guess, to shudder, not realizing the dimensions of this task.

We started down this road, bearing in mind the fact that each of these inherited organizations had totally differing approaches to the programming, allotment, authorization, and procurement processes. It quickly became apparent to Don McDonald and myself that grappling with the procurement processes of these three agencies to unify them was, in essence, only the tip of the iceberg. Far more had to be done to achieve

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unification, not only at the level of procurement, but at the programming and allotment levels, as well.

One further significant factor emerged. Unlike the early days of the ECA, where we were dealing basically with broad economic assistance and balance of payment assistance, we had now entered the world of technical assistance, since both the IIAA and the TCA were essentially technical assistance oriented. Technical assistance is basically an education program, in that it envisages the effort of experts from the U.S. to the cooperating countries, to teach, instruct, demonstrate, and otherwise inculcate in the cooperating countries and their key staffs improved and more efficient means of solving the formidable problems of development.

Both the TCA and the IIAA were staffed with functional experts, experts in various fields of human activity ranging from agriculture through education and down to, in effect, the microscopic levels of pumping potable water to needy villages. These considerations, in effect, required ultimately an amalgam of the highly sophisticated economic approaches, as characterized by the Marshall Plan, to the smaller and yet vital activities concerned with the education and training of host country nationals in the wide variety of social programs such as health, education, agricultural techniques, and the processes of contracting and procurement. This, in itself, presented a formidable task, if the Foreign Operations Administration were to succeed in its effort to merge these substantially different programs and activities into a unified, centrally administered approach to economic development.

As a result, the task force chaired by Don McDonald and myself developed a conceptual approach to what might best be termed "project planning."

Q: You and Don were both from what was the old NSA. Was there anyone on that task force who was from TCA or IIAA?

PARKS: Yes. In recognition of this problem, we broadened the scope and participation of the task force to include representatives of both the TCA and the IIAA. I can recall the late

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Harry Dreany, one of the TCA leading management people. I can't quite recall the IIAA participation, but we did have representation from those agencies in our studies.

What emerged was a conceptual document called "Operation Blueprint," which, in effect, laid out a basic approach to project planning, in recognition of the fact that assistance to the countries being serviced by IIAA and TCA was project oriented, rather than assistance provided on a broad-scale transfer of economic resources. To distinguish these categories of assistance, broad economic assistance was termed "program assistance," whereas U.S. assistance of a technical assistance character became more familiarly known as "project assistance."

The FOA retained the basic allotment, procurement authorization and letters-of-commitment processes for broad economic assistance of a balance-of-payment nature, whereas the new conceptual approach to "project assistance" led to the development and introduction of a totally new system. This latter system—"project assistance"—required the preparation by the FOA field missions of a project plan in some detail to be submitted to FOA headquarters for consideration, review, and approval.

Upon approval and certification that funds were available, the resulting implementation procedures were also described and institutionalized along the following lines. Projects of a technical assistance nature (and subsequently, of a loan and major character) normally required the provision of U.S. experts, participant training, and related supplies and equipment essential to the prosecution of the project itself.

To validate the project process, once a project proposal had been reviewed and approved, a bilateral project agreement designed by the task force became the major bilateral instrument between the cooperating country and the FOA, recording in some detail the dimensions of the project, its funding, its time frame, and its objectives. Parenthetically, I should mention that this is a highly oversimplified description of this process.

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Upon project approval and signature of the resulting project agreement, Operation Blueprint required the submission of separate “project implementation orders”—referred to as PIO's—which, in effect, were orders from the field (not requests), detailing what specific expert services were needed, for what purpose, by when, and so on, what participant training was needed, for how many, in what disciplines, and by when, etc., and what related supplies and equipment were needed as essential for the implementation of the project.

We originally envisaged that one “project implementation order” would serve all purposes to describe the details of the requirements and their specifications. However, it became quickly apparent that we needed to introduce a family of PIO's, one PIO to set forth the specifications with respect to supplies and equipment needed, and all other details related thereto; another PIO to describe what training was required, identifying the number of proposed participants, the discipline in which they were to be trained, the time requirements, and so on, and the third PIO for the procurement (whether directly or under contract) of the technical experts needed to assure successful execution of the proposed project.

To summarize, Operation Blueprint laid out and described in great detail the methodology for the description, objectives, funding, and other requirements of each project; the format and standard provisions of the proposed project agreements committing both the country and the FOA to the undertaking; and the three differing implementation instruments which served as the field missions' instructions to Washington requesting the services of related experts, the training required of participating country nationals, and the specific supplies and equipment needed in the implementation of the project.

Q: That's essentially come down to almost this day, hasn't it?

PARKS: Yes. The fundamentals of this system remain intact.

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Q: Thirty-five years later.

PARKS: Albeit, as one might understand, there have been some refinements and some improvements in the original methodology and documentation.

What emerged, in effect, was a system for program assistance (or balance of payments aid) built upon the agency's ECA and MSA experiences, and a totally new approach to project development, approval, and implementation. In their conceptual outlines, these basic processes remain virtually unchanged since the beginnings of ECA.

The project assistance approach also served as a readily adaptable methodology for major project undertakings, whether finance on a loan or grant basis—such as thermal power plants or other major physical undertakings—despite the fact that its original design was addressed to projects of a technical assistance nature.

Q: That's very interesting that it's lasted to this day. Then you had to write regulations to implement that?

PARKS: Yes. The detailed and codified instructions that emerged took longer to introduce, of course, and resulted in a series of detailed operating instructions, manual orders, and other instruments, including a standardized form of the project assistance agreement and its provisions.

I don't believe it's an overstatement to conclude that the basic methodological concepts that were introduced in ECA in 1948 and 1949, and the project assistance approach introduced in 1955 as Operation Blueprint, under the Foreign Operations Administration, provided a sound and efficient basis for the development of field programs and projects and their ultimate execution.

To add a footnote on the FOA days under Governor Harold Stassen, he possessed a mind of unbelievable capacity. Brilliant would be the term I would normally use, with a

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photographic memory, and an imposing air of authority and command. I recall vividly, shortly after his induction as aid administrator, Stassen imposed a requirement that every country which the FOA was assisting would have to enter into a contractual arrangement with an American university within the course of one year. I never had the pleasure of hearing personally Stassen's rationale for this requirement. It seems self-evident that he had recognized, and was determined to see it to fruition, that the resources and contributions that U.S. universities and colleges could make would be invaluable to meet the development requirements of the countries themselves.

His mandate in this respect was carried out, not without some agonies. But it was his insistence in this respect that led to the direct and continuing involvement of major United States universities and teaching institutions in the processes of economic development. To me that was a particularly striking contribution and legacy of Harold E. Stassen's tenure.

Q: I was in Mexico at the time, and we called it SSS.

PARKS: "Stassen says so." Stassen ruled with a heavy hand.

Q: I think he was a good administrator.

PARKS: He was. He was clear on the policy directions he wished to take, and he was forceful in requiring adherence to his instructions in these regards.

Q: This was 1955. Were you then still in the Program Methods Control Shop in 1955?

PARKS: Yes. However, with the appointment in 1953 of John E. Murphy as FOA comptroller, the Program Methods Control Staff, which I now headed, was transferred to the Office of the Comptroller. While it could be argued, as I told Murphy, that the staff was relatively self-contained and could be attached to any one of the other major organizational units in the FOA, a persuasive case could be made for its being housed with the Office of the Comptroller, given Murphy's role and influence in the top management of the

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organization, and the fact that much of our activities had financial implications (including the issuance of procurement authorizations and letters of commitment). This proved to be a very effective and productive arrangement, in my view.

Governor Stassen believed firmly and decisively in maximum decentralization of operations to the FOA field missions. In fact, as I remember, so insistent was he on this policy that he required every proposed cable or instruction to a FOA field mission, which rejected a field proposal to be submitted to him for review and approval.

This approach changed somewhat the characteristic approach of the former TCA and IIAA organizations, which appeared to have been highly centralized, with little or no substantive decision entrusted to the field missions. It also required changes in the competence and levels of field mission chiefs, now being called mission directors.

Q: United States operations missions.

PARKS: Right. As I remember the history of the IIAA, it basically was organized at the field level in three major categories—agriculture, health, and education—with somewhat independent “chiefs of party.” Criticisms of this arrangement included the fact that there was little or no internal coordination at the field level of these differing activities.

Q: When Dillon Myer became head of the Institute of Inter-American Affairs, he found that after the war. Under Nelson Rockefeller . . . [Tape recorder turned off]

PARKS: The Stassen approach, among other effects, led to the development of strong missions headed by people of competence and stature. Stassen's desire was to have each mission headed by a responsible officer with considerable latitude and discretion, overseeing and coordinating the activities of personnel at the field level involved in virtually any aspect of economic development and technical assistance. He wanted the missions to have an unusual degree of operational flexibility and authority.

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In any event, what is clear is that the Operation Blueprint proposals had significant effects upon the organizational structure of the FOA and played a major role in the ultimate unification and integration of the three agencies that had been subsumed by FOA. At least the basic processes relating to project development, review, approval, funding, and implementation, were now standardized, and required throughout the agency.

I'm not sure that's an overstatement, but I believe that the implementation of Operation Blueprint and the resulting detailed instructions in manual orders and other operating instructions forced a degree of integration and unification within FOA that might not otherwise have been achieved.

In 1955, I believe, Stassen left the agency to become a "secretary for peace" in the White House, as I recall. He was succeeded by John Hollister. The Foreign Operations Administration, which enjoyed essentially the same operational autonomy as the original ECA, functioning virtually autonomously within the "foreign policy guidance" of the Secretary of State, continued until the subsequent creation of the ICA, the International Cooperation Administration.

It has always amused me in reading the charter of the new ICA that its major role was described in the official documents creating the agency as a "semi-autonomous agency" within the Department of State. I remember remarking to one of my colleagues that this sounded to me like the philosophical equivalent of half-pregnancy. In any event, most of us in the agency interpreted this as an ominous sign that the agency was being consigned to a slow and probably painful deterioration, with its role becoming more and more subservient to the political decisions of the State Department itself. Fortunately, this turned out not to be the case.

As I remember, the new ICA carried on pretty much as it had under the former Foreign Operations Administration, with basically the same methodology. While I can recall a number of organizational changes, some of minor and some of major consequence in

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organizational terms, the U.S. economic assistance programs continued pretty much on track.

Prior to this development, I moved from the Office of the Comptroller to become the deputy director of the centralized agency organization and management staff, then called the office of management planning. This office played a key role in assuring the issuance and updating of the agency's detailed operational instructions (called manual orders), in providing advice and guidance on organizational problems to all arms of the agency, and most significantly, in determining the allocation of manpower resources to each major unit within the agency.

This proved to be a somewhat difficult and challenging task, because on the one hand, our function was to assist, advise, and guide the agency's organizational units on matters of organization and management, while at the same time determining their manpower levels and assuring adherence thereto. This particular dualism and responsibility required the management and planning staff to serve two roles: one, general management guidance and assistance, and on the other hand, analyzing, determining, and policing their staff requirements.

The fact that we were able to carry this off reasonably well, without antagonizing or outraging major elements of the organization, was a tribute, I believe, to the capabilities and competence of the staff in the management planning office.

Q: Generally, that function in and around the government of controlling manpower is usually associated with a budget function. Today I still believe, and back then, it was in the Bureau of the Budget or the management budget, and was used by them to support it. But it was unusual that in your organization it was with the management planning function.

PARKS: I think that's right, Mel.

Q: Did it help you carry out your function as management planners?

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PARKS: I should explain the way in which the management planning office functioned in general terms. In effect, each major arm of the agency had its own management analyst advisor.

Q: Organization is part of that?

PARKS: No, our management analysts were on the staff of the central office of management planning, but worked on a virtually day-to-day basis with other major offices concerned, assisting in resolving their internal management and organizational problems, paper flow, manpower utilization, and so on. In effect, each management analyst so assigned became an adjunct to the major (client) office to which he or she was assigned, became extremely knowledgeable about the internal affairs of the client office concerned, and hence, able analytically to make defensible recommendations as to the work load and staffing requirements of such offices.

We followed a practice introduced by the late Bob Biren, the former head of the office, of recruiting bright, promising, young talent from the government's "JMI" (junior management interns) program. These talented people were carefully chosen, most possessing graduate or higher degrees, with an interest in U.S. foreign operations. They brought to the central office of management planning a diversity of skills and talents of a caliber that I believe may have been unmatched in the more traditional, regular agencies.

Q: These people really had degrees in management and public administration?

PARKS: Yes, usually.

Q: Do you remember any of the names, just to illustrate?

PARKS: Yes, I do, indeed, many of whom have gone on to bigger and greener pastures. I might mention some of them. Bill Kontos, who subsequently headed up the peacekeeping staff in the Sinai.

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Q: He became ambassador to the Sudan.

PARKS: Jim Kearns, who became a senior management official in the International Development Agency, the IDA, under Bill Gaud. Bill Muldoun, who wound up as deputy mission director at an African post and subsequently a senior officer in PAHO, Pan American Health Organization. Fred Fischer, who became the senior management officer in the Near East bureau.

Q: And also recently, I think, he headed up the famine relief in Africa.

PARKS: Yes. And many others whose names don't come to memory at this time. The point I am making, however, is that these people had the commitment, the educational background, the talent to be in the "comer" categories. As events turned out, one of my problems was in trying to retain their services, because client offices throughout the agency were eager and anxious to pirate and steal them from me. However, by drawing upon this kind of talent, young, well educated, bright people interested in government and, more specifically, interested in U.S. foreign affairs, and assigning them fairly wide-ranging responsibilities as challenges, they not only rose to the occasion, but inevitably were lost to us by moving on to other offices and more challenging assignments.

Q: Good for the total agency.

PARKS: In any event, the central office of management planning continued to play a significant and effective role in maintaining the validity of the agency's operating procedures, in helping significantly major offices of the agency in doing a more effective job with minimal manpower resources, and generally, in serving as an influential advisor to the top management of the agency.

I can recall, during the days when David Bell served as administrator of the agency, participating in many meetings with Bell and other senior officers such as Bill Gaud and Bill Hall, in which my advice, as the Director of the Office of Management Planning, was

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sought on particular organizational and manpower issues. This was more a tribute to the competence and contribution of the staff I was fortunate to have under me than to me as the head of the office.

Q: It's also a tribute to the heads of the agencies.

PARKS: And their perceptions.

Q: To use that O & M function.

PARKS: I should mention one other thought that occurs to me as I grow weary, that the basic role of the Office of Management Planning was, among other tasks, to assure that the agency presented to the cooperating countries and to the outer world with which we dealt—i.e., the business community, the university community, the U.S. banks participating in the program—an external image of internal consistency. I don't mean by that, total uniformity.

I'm leaping ahead now in time. For example, when the Agency for International Development was created with strong, virtually independent regional bureaus, I recall being told by a senior official that the agency was grateful for the existence of this central management planning staff in that it prevented these strong regional bureaus from flying off in differing and troublesome directions. We were, in effect, a unifying force, at least as regards program and operational methodology.

I should have mentioned earlier that underlying and undergirding all of our thinking was the fact that the country program was, in effect, the building block of our approach to development assistance. Over the years we have fought off several efforts to functionalize the agency, so that it would be organized as an education agency, as an agriculture agency, as an industry agency, and so on. While I believe that we should have strong and competent technical staffs, the fundamental fact remains that our clients are, in the

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final analysis, individual countries with differing problems, aspirations, approaches to development, and needs.

Q: Very good.

PARKS: I should also mention, Mel, that over the years the central Office of Management Planning conducted a number of basic management and manpower studies for the organization. Notable among those that I can remember was the decision to centralize all contracting in a single office and to create the Office of Emergency Disaster Relief.

There were, of course, many other studies bearing upon the basic procedures and organization of the agency—such as the role of the regional bureaus versus the central technical staffs, issues of centralization versus decentralization, and so on. We did good work and influential work in terms of those studies over the years.

My conclusion is that any organization with such a diverse and far-flung charter as the foreign aid agency needs an effective central organization and management staff. There's no alternative, unless one is prepared to have internal organizational anarchy and substantively different methodologies for operations.

Q: As you know, it does not have one now.

PARKS: I know. And it has suffered thereby, I might add, from what I hear. However, I'm not close to that situation.

Q: Do you have any final thoughts? I guess this is one, that an agency does need a management planning staff.

PARKS: Whatever you may call it.

Q: Do you have any other general thoughts about this? You and I are retired, but we hear from all parts about lack of morale.

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PARKS: I've heard some of this with great distress.

Q: Is there any reason why that should be that you can think of? The time when you and I were there was a time of great #lan and great joy about working there.

PARKS: I can recall that in the early days of ECA, and later at the creation of AID, Agency for International Development, there was tremendous camaraderie and a feeling of electricity in the air that crackled.

I can remember Ted Moscoso, the first deputy administrator in charge of Latin American affairs and the Alliance for Progress, issuing a cable—for which I was blamed, although I assure you I had nothing to do with it—that started out by saying, “It is now five minutes to midnight. I want to see the lights burning in every mission overseas every night, working on these problems of development.” And nobody objected. He meant it and the people meant it. Morale was high, the challenges were formidable, the commitment common, and there was a sense of professional elitism which seems to have evaporated.

Q: I think one thing, you had a President who believed in it.

PARKS: Oh, yes.

Q: In any organization, when the head person believes in what's going on, you have a better organization. I believe this was true under the Marshall Plan, under Harry Truman and Secretary Marshall, and you had it under Kennedy and the people under him. If the boss doesn't care, then people lose heart.

PARKS: Even to some extent, Lyndon Johnson, as I remember, believe it or not. His motivations on occasion might have been less altruistic than others—you know, “Open the safe, AID” philosophy. But he was a strong supporter of the program and its people.

Q: I appreciate it very much. Thank you very much.

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End of interview